



Financial Reports
(unaudited)
September 30, 2017

October 31, 2017

Dear Mayor Davis, Members of the Commission, and Ms. Jackson:

This afternoon we are presenting for your information the financial reports of several major operational funds for the period ended September 30, 2017. These reports are presented on a cash basis for the major operating funds, with the exception that ad valorem taxes billed have been recorded as revenue. Additionally, information on Local Option Sales Tax (LOST) collections and Special Purpose Local Sales Tax (SPLOST) collections and projects are included.

Augusta's revenue position at the end of the third quarter benefited from the annual billing of ad valorem taxes. The revenue shown is 100% of the billed amount, and is slightly above the total budget. Final results will be adjusted 60 days after fiscal year end for timing and actual collections. We currently expect final annual amounts to meet budget expectations.

The 2017 budget contains the final budgeted increase in reserves to return the fund balance assigned for catastrophic losses to pre ice storm levels. However, the recent action to use fund balance from the general fund to stabilize the Street Lights fund may not leave sufficient resources to reach this goal in 2017. Delayed payments from FEMA combined with the planned use of fund balance may require additional planned payments to reserves.

The other revenue source that has a major impact on both Augusta's operations and capital expenditures is sales tax. Collection rates affect operations and capital differently. Slower collection rates for SPLOST simply delay the rate of expenditures since we have a guaranteed amount of total collections. Variances in collections for LOST could impact the total amount of revenue available to support General Fund, Law Enforcement Fund, and Urban Service Fund operations. Local option sales tax revenue as a percent of total budgeted revenue for those funds is 7.44%, 38.00%, and 51.49% respectively.

Third quarter sales tax collections had a positive effect on revenue projections. Currently, actual amounts collected during 2017 are \$580,000 more than those collected for the same periods in 2016. The September 20, 2017 Deloitte annual retail holiday sales forecast states, "It expects retailers to see holiday sales growth of as much as 4.5%. Last year, total sales for the season climbed 3.6%. E-Commerce sales are expected to increase 18-21% during the holiday season."

These reports and subsequent discussions are intended to provide the governing body with information to measure the current status of actual revenue and expenditures against the 2017 budget. The 2018 budget process is ongoing with a scheduled completion date of November 21, 2017. Current fiscal conditions, economic trends, and program priorities of the governing body will be incorporated into the framework of that document, thereby charting Augusta's course of action for the next fiscal year.

I hope this information along with the reports and narrative that follow are helpful. I will be happy to answer any questions that you might have.

Sincerely

Donna B. Williams, CGFM
Finance Director
Augusta Richmond County

Today's Discussion

- Review of Funds
- Revenue Concerns
- Other

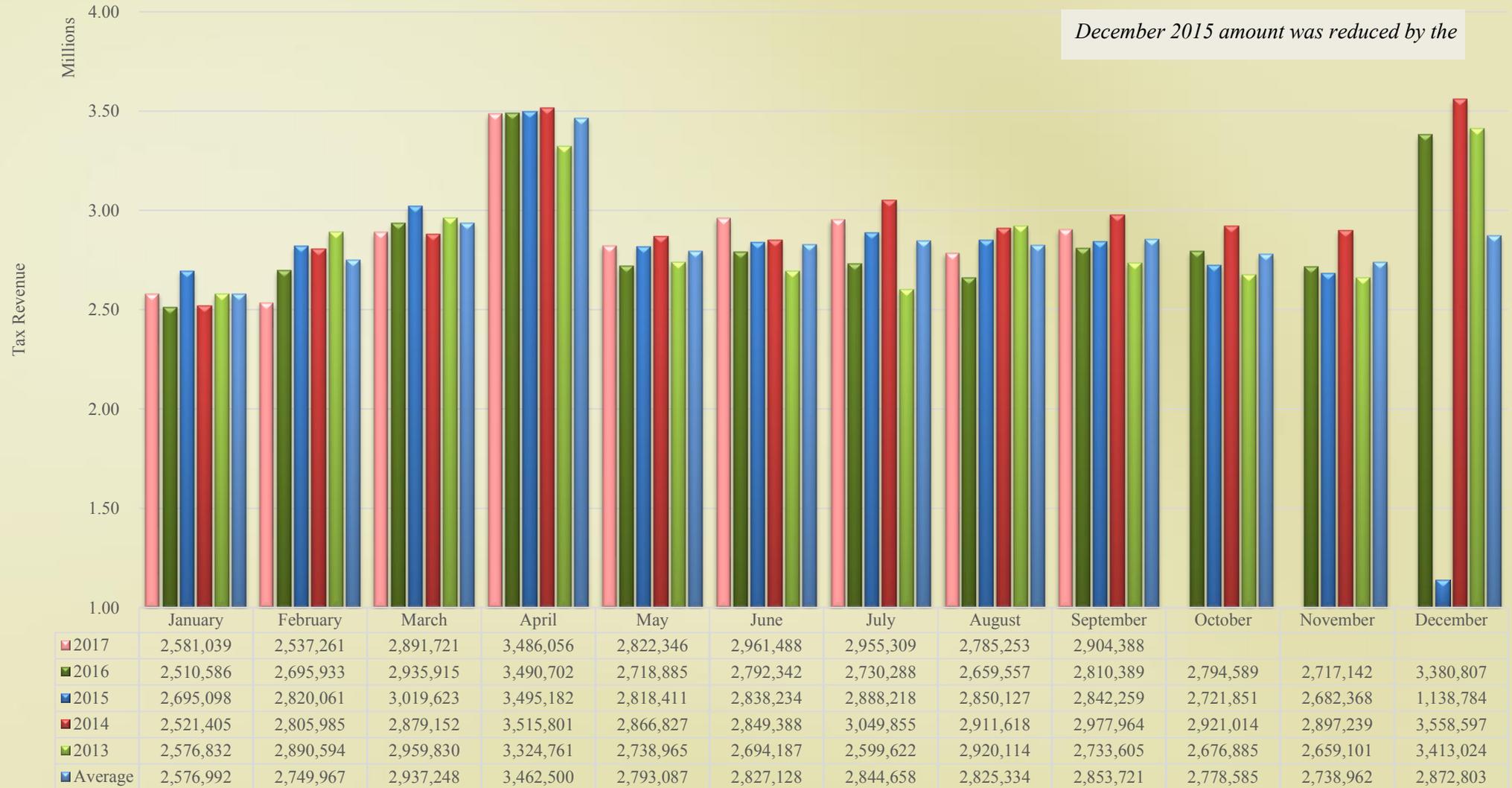
Third Quarter Indicators

- As Ad Valorem taxes are billed and revenues are recorded in the third quarter, total revenue percentages may be skewed toward an enhanced favorable variance. As a result, expenditure levels against budget are used as key indicators.

Ad Valorem Revenue Update

- Billed 3rd Quarter
 - Changes in digest resulted in total billings 1.78% above budget
 - Increases shown in
 - General Fund/ Law Enforcement – \$688,600
 - Urban Services District - \$64,000
 - Fire Protection - \$220,400

Sales Tax Collections



Annual Sales Tax Comparison

Year	Total	Increase / (Decrease)
2013	\$ 34,187,518	
2014	\$ 35,754,844	\$ 1,567,326
2015	\$ 35,056,908	* \$ (697,936)
2016	\$ 34,237,131	\$ (819,778)
2017	\$ 25,924,860	

* 2015 total is prior to refund to Standard Aero of \$2,246,693.43

Year to date as of 9/30/17		
2016	\$ 25,344,593	
2017	\$ 25,924,860	\$ 580,266
Projected Overage (Short Fall)		<u>\$ 389,174.26</u>
Allocation Percentage		
General Fund	20.13%	\$ 78,340.78
Law Enforcement	65.54%	255,064.81
Urban Services	14.33%	55,768.67
		<u>\$ 389,174.26</u>

Third Quarter Revenue Concerns

- *Franchise Fees from Electricity:*
 - 7.7 % lower than budgeted, \$1.1 Million lower than 2016
- *State Court and Probation collections*
 - State Court Revenue Shortfall - \$948,000
 - Probation Services Revenue Shortfall - \$1,195,000
- *Approved action to use Fund Balance to augment Street Light revenue could impact planned reimbursement of General Fund Fund Balance*

Upcoming discussions

- *Street light fee rate structure*
- *2018 Budget*

Questions / Comments

